

PRINCE GEORGE'S COUNTY COUNCIL

COMMITTEE REPORT

2022 Legislative Session

Reference No.: CB-073-2022

Draft No.: 1

Committee: Government Operations and Fiscal Policy Committee

Date: 09/22/2022

Action: FAV

REPORT:

Committee Vote: Favorable, 3-0-2 (In favor: Council Members Franklin, Streeter and Turner; Abstained: Council Members Burroughs and Ivey)

The Prince George's County Council's Government Operations and Fiscal Policy Committee convened on September 14 and September 22, 2022 to consider CB-73-2022 .CB-073-2022, would expand the criteria for the establishment of a revitalization tax credit district to include those areas that are not included in the enumerated census tracts and that satisfy the requirements of an economic development project as defined in §7-516(a)(3) of the Tax-Property Article of the Annotated Code of Maryland.

The proposed Bill would amend §10-235.03 of the County Code to extend the eligibility for the redevelopment/revitalization tax credit to include "areas that do not qualify as an enumerated census tract or part of an enumerated census tract designated in subsection (a) of this Section but do meet the following requirements: 1) The project satisfies the requirements of an economic development project as defined by Section 7-516(a)(3) of the Tax-Property Article of the Annotated Code of Maryland; 2) the owner or owners of said economic development project have demonstrated to the satisfaction of the County Executive and County Council that the County or its designated agency has conducted an economic analysis of the project in accordance with Section 7-516(b)(1)(i); 3) there is a public benefit provided in accordance with Section 7-516(b)(1)(ii); 7 Prince George's County Code, Section 10-235.03 8 2010 Census Tracts - Map Government Operations and Fiscal Policy Committee Fiscal and Policy Note - CB-073-2022 Page 6 4) there is a financial necessity for an exemption in accordance with Section 7-12 516(b)(1)(iii); and 5) the private capital being invested in said economic development project includes an equity investment in accordance with Section 7-516(b)(1)(iv). The Bill further provides that the "Revitalization Tax Credit District established pursuant to this subsection shall be created by resolution."

If enacted, CB-073-2022 would expand the universe of development projects beyond the geographic, census tract-defined boundaries of the RTCD currently established under §10-235.03, to include certain economic development. However, the locational requirements under State law, i.e., part of a transit-oriented development or in a designated urban renewal area, would still apply. The number of additional projects that would be eligible is unclear, but transit-oriented development and urban regeneration are consistent with the County's development

goals.

The Office of Law reports CB-73 to be in proper legislative form with no impediments to its enactment.

The Policy Group reports that Direct Impact Enactment of CB-073-2022 will have an adverse direct fiscal impact equivalent to the amount of the credits awarded for newly eligible construction. It is important to note, however, that the credits are limited to the increased assessment attributable to the improvements and limited to five years. Thus, to the extent that the credit incentivizes improvements that would otherwise not happen, this adverse impact may be more than offset by the increase in tax revenues collected over the long term. • Indirect Impact Enactment of CB-073-2022 will likely have a favorable indirect fiscal impact on the County inasmuch as it incentivizes economic development.

After discussion, the Government Operations and Fiscal Policy reported CB-73-2022 out favorably 3-0-2.